



# புதுச்சேரி மாநில அரசிதழ்

## La Gazette de L'État de Poudouchéry The Gazette of Puducherry

அதிகாரம் பெற்ற வெளியீடு

Publiée par Autorité

Published by Authority

எண்	புதுச்சேரி	செவ்வாய்க்கிழமை	2021 ஐ	சூன் மீ	15 உ
No.	24 Poudouchéry	Mardi	15	Juin	2021 (25 Jyaistha 1943)
No.	Puducherry	Tuesday	15th	June	2021

பொருளடக்கம்

SOMMAIRES

CONTENTS

	பக்கம்		Page		Page
அரசு அறிவிக்கைகள்	.. 226	Notifications du Gouvernement	.. 226	Government Notifications	.. 226
சாற்றறிக்கைகள்	.. 229	Annonces	.. 229	Announcements	.. 229

**GOVERNMENT OF PUDUCHERRY  
LABOUR DEPARTMENT**

*No. 1904/Lab./AIL/T/2021/686.*

*Puducherry, the 27th May 2021.*

**ORDER**

Whereas, the management of M/s. Suolificio Linea Italia (India) Pvt. Ltd., Sedarapet, Puducherry, has submitted an application in Form PA, dated 26-03-2021 (recd on 29-03-2021) to the Secretary to Government, Labour Department, Puducherry, seeking permission to retrench 62 workmen out of 204 workmen with effect from 26-06-2021 under section 25-N of the Industrial Disputes Act, 1947, read with Rule 76-A of the Industrial Disputes (Central) Rules, 1957;

And whereas, on perusal of the retrenchment application, dated 26-03-2021 (recd on 29-03-2021), it is observed that the Management has stated various reasons for seeking permission to retrench 62 workmen as detailed below:-

(i) The financial position of the company has already been in the negative side *i.e.*, minus ₹ 179.08 lakhs as on 31-01-2021 (provisional) and it has deteriorated and the company is not able to pay the salaries on time and do not have enough resources to meet its salary expenses and suppliers.

(ii) The anticipated savings due to the proposed retrenchment is ₹ 81.59 lakhs CTC per annum. The staff strength has been reduced during 2019-20 till Jan' 2021 and the cost saving is ₹ 89.53 lakhs and the company is planning to reduce the power sanctioned load from 700 KVA to 600 KVA and planning to operate only 35 stations and 2 conveyors and the estimated savings will be around ₹ 10 lakhs per annum. The company is planning to shut down its Kolkata Office which will save ₹ 10 lakhs per annum.

(iii) The company mainly deals with European Countries and its market and most of the countries in Europe have undergone negative growth for the last 5 years or more and have been cutting down on the fashion based goods. The trend has moved from leather durable products which India supplies to synthetic upper shoes which are cheaper and India has no position on the same compared to China, Vietnam, Cambodia and Thailand. Many new small players have come up and their cost is low and the management is not able to compete with them.

(iv) While so, the COVID-19 pandemic has pushed the company to the edge. The company does not have any orders on hand and the possibility of getting orders is very remote. Though, the situation

warrants total closure of the business, the management for the time being has decided to reduce the manpower by retrenching some of its workmen.

(v) The management has incurred a loss of around 280 lakhs in the year 2018-19 and its Bank borrowing has gone up from 350 lakhs to 1900 lakhs and it has huge burden of bank liability and is unable to service the interest.

And whereas, on summarizing the above reasons, change in fashion based goods, financial loss and COVID-19 pandemic are the reasons for the proposed retrenchment;

And whereas, as per sub-section (3) of section 25-N of the Act, the 'appropriate Government or the specified authority' after making an enquiry and after giving a reasonable opportunity of being heard to the employer, the workmen concerned and the persons interested in such retrenchment may, having regard to the genuineness and adequacy of the reasons stated by the employer, the interests of the workmen and all other relevant factors, by order and for reasons to be recorded in writing, grant or refuse to grant such permission and a copy of such order shall be communicated to the employer and the workmen;

And whereas, as per G.O. Ms. No. 177/80-Lab., dated 1st September 1980, the Secretary to Government, Labour Department, Puducherry, is the specified authority to exercise the powers and perform the functions of the Government in connection with grant of permission for lay-off and retrenchment under the said sections;

And whereas, as per sub-section (3) of section 25-N of the Act, the specified authority conducted an enquiry and afforded adequate opportunity to the individual 62 workmen, representatives of Trade Unions and employer representatives;

And whereas, during the enquiry held before the Secretary (Labour), the individual workmen/Union representatives put forth the following objections for the retrenchment application submitted in Form PA, dated 26-03-2021 (recd on 29-03-2021) and also filed their written objections:-

(i) The management has not followed the seniority while submitting the retrenchment proposal;

(ii) The management has proposed to retrench permanent workmen and engage contract workmen in their place;

(iii) To evade the charter of demands/wage revision submitted by the workmen and to curtail the Trade Union activities;

(iv) The designation and date of joining has been wrongly mentioned for many workmen;

(v) At Sl. No.3 of Annexure to Form PA, the wages drawn by the proposed retrenchment workers has been wrongly mentioned;

(vi) Transfer orders have been issued by the management, by transferring the senior most employees from one section to another, so as to include them in the retrenchment proposal;

(vii) The workmen have achieved the targets fixed by the management and received the incentive cash benefits and therefore, denied that there were financial losses;

(viii) The management informed that the export prospects is bleak and there is decline in export orders but, expanding the business in Agra by retrenching the workmen in Puducherry Unit and has proposed to utilize the idle machineries of Puducherry Unit in Agra;

(ix) The Hon'ble Labour Court passed an Award in I.D (L) No. 24/2012, dated 24-02-2016 directing, the management of M/s. Suolificio Linea Italia (India) Pvt. Ltd., Sedarapet, Puducherry, to reinstate 12 workers with 50 % back wages and with continuity of service and other benefits. But, the management had offered employment to them as fresh appointees in the year 2016 and included them in the retrenchment proposal;

(x) The senior most employees Tmt. S.Kavitha, V.Sathya, M.Geetha, K. Geetha and D. Ramila were transferred from the Housekeeping Section to Finishing Section and included their names in the retrenchment proposal. And the junior most employees Thiru A. Karunanidhi and Tmt. A. Kalaiselvi were retained in the housekeeping Section and not included in the retrenchment proposal;

(xi) The senior most Union members were included in the retrenchment proposal and the junior most non-Union members were not included in the retrenchment proposal;

(xii) The junior most employee Thiru Sundar Rajan who joined in the year 2017 was designated as 'Incharge' and not included in the proposal;

(xiii) The management increased the station from 72 to 100 during the retrenchment proposal;

(xiv) The asset value has increased from ₹ 51.81 Cr. to ₹ 69.4 Cr. for the last 3 years.

(xv) The cost of benefits provided to the employees is not constant and it has drastically increased in proportion to the quantum of production;

(xvi) The management insisted them to withdraw all legal cases pending before various Forums/Courts so as to consider their charter of demands/wage revision. But, the Union had proceeded legally and therefore, the management has submitted the retrenchment proposal to threaten the Union;

(xvii) The management filed letter informing the Union to give full corporation to retrench the permanent workmen and to engage contract workmen to the extent of 25 % of the total workforce.

And whereas, the management filed reply statement, dated 20-05-2021 for the objections put forth by the individual workmen/Union and denied the allegations raised by them. The reply furnished by the management is as follows:-

(i) They had preferred Writ Petition No. 26510 of 2017 before the Hon'ble High Court, Madras against the Award passed by the Hon'ble Labour Court, Puducherry and obtained interim orders of stay on back wages;

(ii) The management denied the allegations raised by the Union over withdrawal of all cases as the Union had not filed the copy of entire letter of the management and they had insisted to unconditionally withdraw only cases pertaining to bonus, removal of machineries, payment on increments, wage revision, confirmation order, *etc*;

(iii) The management stated that continuous running does not mean that the company is running entire station or is having huge volumes and orders but, it is required to have less rejection of materials;

(iv) The company has started its Agra plant in the year 2017 itself and it has nothing to do with the retrenchment application. The management wanted to give first chance to the senior workmen of Puducherry plant, to Agra plant as it will lead to their career growth;

(v) With regard to asset increase the management replied that year on year due to decrease in business the investment in moulds have also automatically decreased;

(iv) In the year 2018-19, the output was low and materials cost was higher. But, in the year 2017-18 output was higher, but, the material cost was low. There was an increase in the price of raw materials by 18%. The material consumption was on higher side because of 10% to 15% rejection done by the workmen and the materials cost was also higher because the Company had also liquidated nearly 200T of rejected soles by selling at 50% of the price of raw material to its supplier;

(v) The management denied the proposal of 25% contractual staff as it was only a proposal and they employ contract employees in Housekeeping and Finishing only. They had reduced the contract work force from 126 (2017-18) to 22 (2020-21). If, the contract staffs are not allowed, they will be forced to close the entire Department if, required as it will be cheaper to outsource the function than to do it themselves;

(vi) The management denied the number of stations given by the workmen as only 35 stations are used out of 72 stations due to very poor order station;

(vii) There is no difference between the Union and non-Union members and does not know the union members/officer bearers;

(viii) The Department wise seniority list is maintained. The transfer of workmen from one Department to another Department is a basic protocol and has been done to safeguard the interests of persons who replaced majority of contractual employees. The date considered for the purpose of retrenchment is their original date of joining and not the date of transfer. The company has maintained the seniority list and is following last in first out method for retrenchment.

(ix) The management has filed the wages removing the bonus and gratuity portion from CTC;

(x) The southern part of India is more organised and caters only to export market. While northern part of India is unorganised and caters mainly to the domestic demand of shoes for India. For tapping the market, the company has opened a factory at Agra which is not possible to serve from Puducherry. While the Agra expansion happened, the capacity of Puducherry was not reduced, rather the company has invested in more latest machines for the Puducherry plant.

(xi) The company could not achieve its targeted goals and thereby has decided to reduce its business plan to 3.5 million pairs. Therefore, it does not need the installed capacity and the workmen. By retrenching 60 workmen, the balance 200 people could be saved otherwise the company will be forced to shut the entire plant. The management has furnished the profit numbers as per the balance sheet indicating 6.89% return on capital employee, for the year 2015-16, 6.58 % (2016-17), 2.14 % (2017-18), - 16.24 (2018-19) & 0.09 (2019-20). But, there must be atleast 15 % return to run a business with so much trouble and pain.

And whereas, the individual workmen concerned, the representative of Trade Union and the employer representatives were heard and all petitions/

representations/documents/reply statement were considered and it is observed that the principle for retrenchment 'last come first go' has not been followed while submitting the retrenchment application in Form PA, dated 26-03-2021 (recd on 29-03-2021);

And whereas, as per section 25-G of the Industrial Disputes Act, 1947, where any workman in an industrial establishment, who is a citizen of India, is to be retrenched and he belongs to particular category of workmen in that establishment, in the absence of any agreement between the employer and the workman in this behalf, the employer shall ordinarily retrench the workman who was the last person to be employed in that category, unless for reasons to be recorded the employer retrenches any other workmen. But, the management has submitted the retrenchment application with section-wise seniority and not category wise seniority;

And whereas, few senior most employees were transferred from one section to another with change in their category/designation reckoning the original date of joining and not the date of transfer. But, however he is the senior most employee in his original place/section prior to transfer and though reckoning the original date of joining, he is a junior employee in the new section;

And whereas, the management transferred the senior most Housekeeping employees Tmt. S.Kavitha, V.Sathya, M. Geetha, K. Geetha and D. Ramila from Housekeeping section to Finishing section as 'Helper' category and included their names in the retrenchment proposal. The junior most employee Tmt. A. Kalaiselvi was retained in the Housekeeping Section and not included in the retrenchment proposal. The transfers have been executed so to give effect to the retrenchment proposal;

And whereas, at Pt. 15 (Annexure-14 of the management) at Sl. No. 23 of Annexure to Form PA, the management stated that as per ICRA, Indian Footwear Industry will witness a revenue drop to the extent 10-15 % in financial year 2021 and there will not only be a drop in volumes but, also on the average selling price which will also have an impact on the component suppliers. The management had filed letter, dated 11-11-2019 before the Labour Officer (Conciliation), that they propose to offer an incentive of ₹ 700 per week on achievement of 90% and above of the weekly production plan above the minimum of despatchable quantity of 75,000 pairs /week. On perusal of Annexure-6 (A) of Form PA-Financial position of the company, it is ascertained that the management has despatched continuously more than 3,00,000 pairs from the years 2014-15 till 2019-20 and therefore, the workers had achieved production over and above the targets fixed by the management and there was no drop in volumes as stated by the management in the reasons for the retrenchment proposal;



And whereas, at Pt. 19 (Annexure-14 of the management) at Sl. No. 23 of Annexure to Form PA, the management has incurred a loss of around 280 lakhs in the year 2018-19 and its Bank borrowing has gone up from 350 lakhs to 1900 lakhs and it has huge burden of Bank liability and is unable to service the interest. *Per Contra*, on perusal of Part-II, Statement of Profit and Loss Accounts, it is ascertained that the management had incurred loss for an amount of ₹ 2,79,00,730 only for the year ended 31st March' 2019. Whereas, the management yielded profit of ₹ 28,14,931 during the year ended 31st March' 2020. It is also ascertained that the management had continuously yielded profits for the year ended 31st March' 2017, 31st March' 2018 and 31st March' 2020. Only for the year ended 31st March 2019, loss has been arrived. On accumulating the accounts statement for the years 2017, 2018, 2019 and 2020, it is ascertained that the company has yielded an overall profit before paying tax;

And whereas, at Sl. No. 12 of Annexure to Form PA, the management has stated that the financial position of the company has already been in the negative side *i.e.*, minus ₹ 179.08 Lakhs as on 31-01-2021 (provisional) and it has deteriorated and the company is not able to pay the salaries on time and do not have enough resources to meet its salary expenses and suppliers. The management has furnished the financial position of the company after deducting the profit after tax. But, the financial position *i.e.*, net worth needs to be assessed based on the assets and liabilities as certified by the statutory Auditor;

And whereas, a joint inspection was conducted on 11-05-2021 in the management of M/s. Suolificio Linea Italia (India) Pvt. Ltd., Sedarapet, Puducherry and it was ascertained that the management has obtained Principal Employer Registration Certification No. 03/2015/CL/Regn, dated 17-08-2015 under the Contract Labour (Regulation and Abolition) Act, 1970 to engage 40 Nos. of contract labourers through M/s. Arasu Consultancy, No. 6, Mariamman Koil Street, Sedarapet, Puducherry and M/s. Sri Ramanujam Manpower Agencies, No. 44, 10th Cross, Brindavanam, Puducherry. But, during inspection it was observed that M/s. Arasu Consultancy and M/s. Alpha alliances have been engaged. Further, Registration Certificate permits the Principal Employer to engage contract labourers in the works of Loading and Unloading and Housekeeping. Whereas, the contract labourers have been engaged in the works of Cleaning, Trimming, Checking, Packing and Cutting in the Finishing department without obtaining necessary license from the authorities;

And whereas, the management has submitted the retrenchment proposal to retrench 22 workmen in Finishing Section and has engaged contract labourers in the place of permanent workmen in Finishing Section as per the inspection report;

And whereas, the management had itself agreed in their reply statement, dated 20-05-2021 that it had engaged 126 contract workmen for the year 2017-18 and decreased to 22 contract workmen for the year 2020-21, thereby engaged contract labourers without obtaining necessary licence under the Contract Labour (Regulation and Abolition) Act, 1970;

And whereas, the management had also agreed in their reply statement, dated 20-05-2021 that they had insisted to unconditionally withdraw only cases pertaining to bonus, removal of machineries, payment on increments, wages revision, confirmation order, *etc.*, and filed proof of the letter, dated 14-02-2020 filed by the management before the Labour Officer (Conciliation) and it is clearly established that the management had submitted this proposal to curtail the Trade Union activities;

Now, therefore, in exercise of the authority delegated *vide* G.O. Ms. No. 177/80-Lab., dated 1st September, 1980 of the Labour Department to exercise the powers conferred by sub-section (1) of section 25-N of the Industrial Disputes Act, 1947 (Central Act 14 of 1947) the Secretary to Government (Labour) hereby rejects the retrenchment application in Form PA, dated 26-03-2021 (recd on 29-03-2021) in respect of M/s. Suolificio Linea Italia (India) Pvt. Ltd., Sedarapet, Puducherry, to retrench 62 workmen with effect from 26-06-2021.

**E. VALLAVAN, I.A.S.,**  
Secretary to Government (Labour).

---

---

#### AFFIDAVIT

I, A. Marie Antoine Athisayam, son of Annusamy, Christian, aged 50 years, residing at No. 178, Saint Rozario Street, Muthialpet, Puducherry-605 003, do hereby solemnly and sincerely affirm and state as follows:

That I am the deponent herein and making this affidavit on behalf of me.

I state that my name is entered as 'A Marie Antoine Athisayam' in my Aadhaar Card bearing No. 6948 2994 5597 issued by Unique Identification Authority of India.

I state that my name is entered as 'A Maria Antoine Athisayam' in my Consolidated Marks-*cum*-Grade Sheet issued by Controller of Examinations, Saint Joseph's College (Autonomous), Tiruchirapalli.

I state that the above names described in the above records as 'A Marie Antoine Athisayam' and 'A Maria Antoine Athisayam' are referred one and the same person *i.e.*, me, the deponent herein.